the large purchases by the government in advance of maturity made necessary by the enormous surplus accumulating in the Treasury. These purchases of bonds at a premium, exclusive of redemptions at par at maturity, were $51,464,300 for the fiscal 3Tear 1888 ; $120,674,450 for the fiscal year 1889 *I* $104,546,750 for the fiscal year 1890; and $45,175,200 for the fiscal year 1891, after which purchases ceased. The highest average price paid by the government for four per cent, bonds was 128.66 in 1889, when $38,106,400 were purchased. The lowest average price was 124.23 in 1891, two years nearer maturity, when $42,641,250 were purchased. [x] These bonds remained, after the maturity of the four and a half percent, loan in 1891, the chief source of security for national bank-note circulation, and their price, including the premium, could be more profitably loaned in many cases in the open market than by obtaining ninety per cent, of the par value of the bonds in circulating notes.[3] The clamor of demagogues against the "double interest" derived from the circulating notes and the interest on the bonds was less eloquent of the facts than the steady withdrawal of bonds because circulation had ceased to be profitable. The increase in circulation since 1891 has been due to the fall in the premium on the bonds as they have approached maturity and to special causes, referred to elsewhere, connected with the crisis of 1893 and the bond issues of 1894, 1895 an<i 1896.

The effect of the increase of the silver circulation under the Bland-Allison Act of 1878 and the Sherman compromise Act of 1890, in driving bank-notes out of existence can only be roughly estimated. It was probably much less potent

[1] These figures are taken from a communication of Secretary Carlisle to the Senate, Sept. 26, 1893, in response to a resolution of that body.—Sen. Ex. Doc. 18, Fifty-third Congress, 1st Sess.

[2] The recommendation was several times made by the Comptroller of the Currency, and embodied in bills introduced in Congress, after the resumption of specie payments, that the banks be authorized to issue circulation to the face value of the bonds deposited as security, instead of ninety per cent, of that value; and such a provision was finally made in the Act of March 14, 1900.